

Message Text

CONFIDENTIAL

PAGE 01 COTONO 00092 181825Z

46

ACTION AF-18

INFO OCT-01 ISO-00 FEA-02 INT-08 SPC-03 AID-20 EB-11

NSC-10 RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01

CEA-02 L-03 H-03 CIAE-00 DODE-00 INR-10 NSAE-00 PA-04

USIA-15 PRS-01 NEA-10 COME-00 FRB-02 XMB-07 OPIC-12

LAB-06 SIL-01 DRC-01 /182 W
----- 016919

R 181630Z JAN 74

FM AMEMBASSY COTONOU

TO SECSTATE WASHDC PRIORITY 5810

INFO AMEMBASSY LAGOS

C O N F I D E N T I A L COTONOU 0092

E.O. 11652: GDS

TAGS: ENRG; DM, US

SUBJECT: REVOCATION UNION OIL CONCESSION

REF: STATE 9919

1. UNION OIL REP GREENWALD RECEIVED COPY OF MRGD DECREE CANCELLING CONVENTION ON EVENING JANUARY 15. (INFORMAL TRANSLATION TEXT OF DECREE TRANSMITTED AS ANNEX "A" THIS TELEGRAM.) DECREE WAS DELIVERED BY MESSENGER TO UNION OFFICE WITHOUT COVERING LETTER OR OTHER CLARIFICATION. GREENWALD SENT INFORMAL TRANSLATION OF TEXT TO UNION HEADQUARTERS JANUARY 16 BY TELEGRAM, AND GAVE US TEXT LATER IN DAY.

2. DECREE IS DATED JANUARY 8, 1974, BUT WAS MADE RETROACTIVE TO JUNE 5, 1973. SIGNIFICANCE LATTER DATE BASED ON LETTER UNION OIL COMPANY OF DAHOMEY SENT TO MRGD ON JUNE 5, 1973 ENCOURAGING GOVERNMENT TO ALLOW TRANSFER OF CONVENTION TO GLOBAL ENERGY. PARA 7 OF THIS LETTER IS CITED IN PREAMBLE OF DECREE, ALONG WITH ARTICLE 7, PARAGRAPH 7-1 OF THE CONVENTION ITSELF. (INFORMAL TRANSLATION PARA 7 OF UNION CONFIDENTIAL

CONFIDENTIAL

PAGE 02 COTONO 00092 181825Z

LETTER TRANSMITTED AS ANNEX "B" THIS TELEGRAM.) THESE

CITATIONS BEING USED BY MRGD AS LEGAL JUSTIFICATION FOR CANCELLATION. KEY PHRASE IN UNION'S LETTER IS "RECOVERABLE RESERVES ESTIMATED ARE NOT IMPORTANT ENOUGH TO JUSTIFY THE EXPENSE THAT UNION WOULD MAKE." PARAGRAPH 7-1 OF CONVENTION CONTAINS PROVISION FOR TERMINATION OF CONVENTION "IF WITHIN FIRST TEN YEARS FROM EFFECTIVE DATE ... UNION HAS NOT DISCOVERED PETROLEUM WHICH IN ITS JUDGMENT CAN BE PRODUCED COMMERCIALY...." GREENWALD DOUBTS LEGAL STRNENGTH OF APPLICATION THIS PROVISION JUSTIFY TERMINATION OF CONVENTION. SPEAKING PERSONALLY AND WITHOUT INSTRUCTIONS FROM UNION OIL HEADQUARTERS, HE CONTENDED TO US THAT FACT DAHOMEANS CONTINUED NEGOTIATE WITH UNION LONG AFTER JUNE 5 DATE GREATLY WEAKENS THEIR ARGUMENT THAT STATEMENT IN UNION'S LETTER COULD BE INTERPRETED AS FORMAL NOTICE BY UNION THAT PETROLEUM COULD NOT BE "PRODUCED COMMERCIALY."

3. GREENWALD INSTRUCTED BY PRESIDENT UNION INTERNATIONAL DIVISION SLOAT ON JANUARY 17 NOT TO TAKE ANY INITIATIVES WITH DAHOMEANS OR DISCUSS POSSIBLE OPTIONS WITH EMBASSY PENDING RECEIPT INSTRUCTION FROM UNION HEADQUARTERS. UNION PRESIDENT HARTLEY EXPECTED MAKE DECISION ON JANUARY 21 ON UNION'S NEXT MOVE. GREENWALD, WHO ASKED HE NOT BE QUOTED IN ANY WAY, TOLD US THAT SLOAT INDICATED HEADQUARTERS STAFF TENDING TOWARDS "HARD" REACTION.

4. ANNEX "A": QUOTE. ORDINANCE NO. 74-2 OF JANUARY 8, 1974. CONCERNING THE CANCELLATION OF THE CONVENTION SIGNED ON DECEMBER 19, 1964 BETWEEN THE REPUBLIC OF DAHOMEY AND UNION OIL COMPANY OF CALIFORNIA.

THE PRESIDENT OF THE REPUBLIC, HEAD OF STATE, HEAD OF GOVERNMENT, CONSIDERING THE PROCLAMATION OF OCTOBER 26, 1972;

"" THE DECREE NO. 72-279 OF OCTOBER 26, 1972 CONCERNING THE FORMATION OF THE GOVERNMENT AND THE SUBSEQUENT MODIFICATIVE DECREES;

-- THE DECREE NO. 72-290 OF NOVEMBER 9, 1972 DETERMINING THE SERVICES ATTACHED TO THE PRESIDENCY OF THE REPUBLIC AND FIXING THE ATTRIBUTIONS OF THE MEMBERS OF THE GOVERNMENT AND DECREE NO. 73-17 OF JANUARY 19, 1973 WHICH COMPLETED IT;

-- THE CONVENTION OF DECEMBER 19, 1964 SIGNED BETWEEN THE CONFIDENTIAL

CONFIDENTIAL

PAGE 03 COTONO 00092 181825Z

REPUBLIC OF DAHOMEY AND UNION OIL COMPANY OF CALIFORNIA PARTICULARLY IN ITS ARTICLE 7, PARAGRAPH 7-1
-- THE LETTER FROM UNION OIL COMPANY OF DAHOMEY DATED JUNE 5, 1973, PARTICULARLY IN ITS PARAGRAPH 7;
UPON THE PROPOSITION OF THE MINISTER OF PUBLIC WORKS, MINES AND ENERGY; THE COUNCIL OF MINISTERS
ORDERS

ARTICLE 1 THE CBVENTION SIGNED ON DECEMBER 19, 1964, BETWEEN
THE GOVERNMENT OF THE REPUBLIC OF DAHOMEY AND UNION OIL COMPANY
OF CALIFORNIA
GA HAS BECOME NULL AND VOID.

ARTLE 2 THIS NULLITY TAKES EFFECT AS FROM JUNE 5, 1973.

ARTICLE 3 THE ONSHORE AND OFFSHORE AREAS COVERED BY THE SAID
CONVENTION APPERTAIN AS FROM NOW ON TO THE SOLE JURISDICTION OF
THE REPUBLIC OF DAHOMEY.

ARTICLE 4 THE PRESENT ORDINANCE WILL BE EXECA ED AS A STATE
LAW. COTONOU, 8 JANUARY, 1974 UNQUOTE

4. ANNEX "B": QUOTE. WE HAVE EXPLAINED TO GOVERNMENT TECHNICIANS
THE REASONS WHY UNION DOES NOT CONSIDER STRUCTURES "A" AND "D"
TO BE OF COMMERCIAL INTEREST. THE RECOVERABLE RESERVES
ESTIMATED ARE NOT IMPORTANT ENOUGHT TO JUSTIFY THE EXPENSES THAT
UNION WOULD HAVE TO MAKE. LET US CONSIDER, FOR EXAMPLE, THE
CASE OF OVERHEAD CHARGES, UNION HAD APPROXIMATELY 16,500
EMPLOYEES IN TOTAL, OF WHICH A PARTY DEVOTES ITS
TIME TO EXPLORATION AND PRODUCTION. A SMALL OIL-FIELD WILL
REQUIREE ALMOST THE SAME TIME AS THE ONE PRODUCING TWENTY
TIMES MORE THAN THE SAME SMALL ONE, AND THE DAILY COST PER
HOUR-HEAD FOR EACH ONE OF THEM IS ALMOST THE SAME.
FURTHERMORE, GLOBAL ONLY AHS A FRACTION OF UNION'S EMPLOYEES
HENCE ITS OVERHEAD CHARGES ARE LESS HIGH. CONSEQUENTLY,
GLOBAL WOULD BE ABLE TO OPERATE IN DAHOMEY WITH LESS CHARGES
THAN UNION. IT IS JUST A MATTER OF ECONOMY. UNQUOTE.
ANDERSON

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXPLOITATION (NATURAL RESOURCES), PETROLEUM CONCESSIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 18 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974COTONO00092
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: COTONOU
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740133/aaaabekg.tel
Line Count: 145
Locator: TEXT ON-LINE
Office: ACTION AF
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: STATE 9919
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 27 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <27 AUG 2002 by boyleja>; APPROVED <10 DEC 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: REVOCATION UNION OIL CONCESSION
TAGS: ENRG, EIND, DM, US, UNION OIL OF CALIFORNIA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005